

1997 Small Business Stock Questionnaire

3565

Corporation name		California corporation number	
Address		Federal employer identification number (FEIN)	
City	State	ZIP code	

A. Income year (beginning and ending)	B. Date of incorporation	C. State of incorporation
D. Date of qualification in California	E. Principal business activity	F. Principal business activity code (Do not leave blank)

If the answer to any of the following questions is NO, STOP, do not complete this form.

G. Did the corporation issue non-treasury stock during the current income year? Yes ☐ No ☐

Date of stock issuance for which this information applies: / /
Month Day Year

H. Was the non-treasury stock issued, in whole or in part, for money, for property other than stock or for services provided to the corporation? Yes ☐ No ☐

I. Were the corporation's aggregate gross assets less than or equal to \$50,000,000 from the period beginning July 1, 1993 to the date of issuance of the non-treasury stock (include the value of property received for the stock in determining the corporation's aggregate gross assets at the date of issuance of the non-treasury stock)? Yes ☐ No ☐

J. Was at least 80% of the corporation's payroll in California at the date of issuance of the non-treasury stock? Yes ☐ No ☐

K. Was the corporation a domestic corporation at the date of issuance of the non-treasury stock? Yes ☐ No ☐

L. Since the issuance of non-treasury stock, was this corporation a C corporation for California purposes? Yes ☐ No ☐

M. Since the issuance of non-treasury stock, was this a corporation **other than a**:

- RIC, REIT or REMIC? Yes ☐ No ☐
- DISC or former DISC? Yes ☐ No ☐
- A corporation with an IRC Section 936 election in effect? Yes ☐ No ☐

N. Since the issuance of non-treasury stock, were at least 80% (by value) of the assets of the corporation used in the active conduct of one or more qualified trades or businesses in California? Yes ☐ No ☐

O. During the corporation's existence prior to the current issuance what was the aggregate subscription amount for all non-treasury stock issuances? \$ _____

P. What was the aggregate subscription amount of non-treasury stock issued during the current income year? \$ _____

Q. Of the amount in Question P, how much was **received for** qualified small business stock? \$ _____

R. What was the date of the first non-treasury issuance during the current income year? / /
Month Day Year

S. What was the date of the last non-treasury stock issuance during the current income year? / /
Month Day Year

T. How were the proceeds from this issuance of non-treasury stock used by the corporation?

(Indicate percent of total proceeds for each category):

- Purchase of equipment or other business assets %
- Fund additional cost of labor %
- Reduce indebtedness %
- Other: (Indicate type of use.) %

U. If proceeds from this issuance of non-treasury stock were used for purchase of equipment or other business assets:

- What was the amount paid for equipment or other business assets? \$ _____
- What was the amount paid for equipment or other business assets purchased in California? \$ _____
- How much of the amount paid for equipment or other business assets purchased in California was subject to California sales or use tax? \$ _____

V. For this issuance of non-treasury stock:

- What was the total number of employees working for the corporation?
- How many employees were employed in California?
- What was the total payroll worldwide? \$ _____
- What was the total payroll in California? \$ _____

W. If provisions for the 50% exclusion from income on sale of small business stock did not exist, how would the qualified small business have raised funds? (Check all that apply):

- ☐ Issue stock ☐ Issue bonds ☐ Borrow funds ☐ Liquidate assets ☐ Other (specify) _____

Under penalties of perjury, I declare that I have examined this form, and to the best of my knowledge and belief, it is true, correct and complete.

Signature
of officer ►

Print name and title

Date

1997 Instructions for Form FTB 3565

Small Business Stock Questionnaire

General Information

A Purpose

Use form FTB 3565, Small Business Stock Questionnaire, to provide information regarding issuance of stock pursuant to Revenue and Taxation Code (R&TC) Section 18152.5.

B Who Must File

A corporation must file form FTB 3565 if it qualifies as a "qualified small business" and issued stock pursuant to R&TC Section 18152.5 during the current income year.

Note: If there was more than one issuance of small business stock during the income year, fill out a separate form FTB 3565 for each issuance. For purposes of this form, all corporations which are members of the same parent-subsidiary controlled group shall be treated as one corporation. A parent-subsidiary controlled group is defined in Internal Revenue Code (IRC) Section 1563(a)(1), except that "more than 50%" shall be substituted for "at least 80%."

Failure to file this form by the corporation's original or extended return due date for the current income year may result in a penalty being assessed to the corporation pursuant to R&TC Section 19133.5. The penalty amount is \$50 per failure to file unless the failure is due to negligence or intentional disregard, then the penalty amount is \$100 per failure.

Failure of the corporation to file form FTB 3565 will not disqualify the stockholder from excluding gain from the sale or exchange of stock. However, the stockholder bears the burden of proving

that the gain from the sale or exchange qualifies for exclusion pursuant to R&TC Section 18152.5.

C When and Where to File

For income years beginning on or after January 1, 1996, a corporation is required to file form FTB 3565 along with Form 100, Corporation Franchise or Income Tax Return. Attach form FTB 3565 to Form 100 and file on or before the due date of the corporate return, including extensions.

R&TC Section 18152.5 also requires the corporation to provide a copy of any completed form FTB 3565 to each shareholder that acquired qualified small business stock as part of the stock issuance that is reported on the completed form FTB 3565 during the current income year.

Specific Instructions

Questions G through N – If the answer to any of these questions is no, stop. You do not need to complete the rest of the form. Do not attach this form to the Form 100 if you do not need to complete the form.

Question K – A domestic corporation is defined in IRC Section 7701(a)(4) as any corporation created or organized in any state in the United States.

Question N – A qualified trade or business is defined as any trade or business **other than:**

- Any trade or business involving the performance of services in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, consulting, athletics,

financial services, brokerage services, or any trade or business where the principal asset of the trade or business is the reputation or skill of one or more of its employees;

- Any banking, insurance, financing, leasing, investing, or similar business;
- Any farming business (including the business of raising or harvesting trees);
- Any business involving the production or extraction of products of a character with respect to which a deduction is allowable under IRC Sections 613 or 613A.
- Any business of operating a hotel, motel, restaurant, or similar business.

Question P – Enter the aggregate subscription amount of non-treasury stock issued by the corporation during the entire income year.

Question Q – Enter the amount included in Question P, that was received for that part of the stock issuance that qualifies as small business stock under the provisions of R&TC Section 18152.5.

Records should be maintained showing that the stock issuance met the requirements of R&TC Section 18152.5.

The amount that is entered in Question P and Question Q should not include the value of stock issued in exchange for stock.

Question T – Enter a percentage for each category listed to indicate how proceeds received from the issuance of non-treasury stock were used. If the category is not listed, indicate type of use on the "Other" line. The total of percentages for all categories should equal 100%.